

**TOWNSHIP OF BATAVIA
BRANCH COUNTY, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008**

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Batavia Township	County* BRANCH	Type* TOWNSHIP	MuniCode* 12-1-020
Opinion Date-Use Calendar* Sep 8, 2008	Audit Submitted-Use Calendar* Sep 25, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue:	? \$ 163,327.00
General Fund Expenditure:	? \$ 131,471.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	? \$ 265,376.00
Governmental Activities Long-Term Debt (see instructions):	? \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Theresa	Last Name* Steffes	Ten Digit License Number* 1101026910		
CPA Street Address* 424 Western Ave, Suite A	City* Allegan	State* MI	Zip Code* 49010	Telephone* +1 (269) 686-9050
CPA Firm Name* Angle & Steffes, P.C.	Unit's Street Address* 366 W. Colon Road	Unit's City* Coldwater	Unit's Zip* 49036	

TOWNSHIP OF BATAVIA

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INDEPENDENT AUDITOR'S REPORT

September 8, 2008

To The Township Board Members of
Batavia Township
Branch County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Batavia, Branch County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Batavia, Branch County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

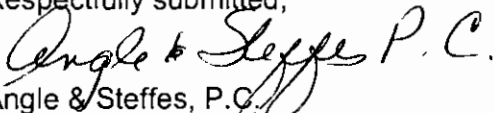
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Batavia as of March 31, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 8, 2008, on our consideration of the Township of Batavia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of an audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 3 and 19 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



Angle & Steffes, P.C.
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of Batavia Township as a whole and present a long-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Batavia Township's financial position has remained stable over the 2007/2008 year. The Township has one major fund: the General Fund. The General Fund supports all of the Township's governmental services - operations, fire, roads, cemetery, etc. No special voter levies are in effect.

Purchase of computer technology has been the most recent investment into the township, with update of the clerk's computer in year 2006/2007.

Government Wide Statements

	<u>March 31, 2008</u>	<u>unaudited- March 31, 2007</u>
<u>Assets</u>		
Current Assets	\$ 265,376	\$ 233,520
Capital Assets	<u>18,790</u>	<u>18,437</u>
Total Assets	284,166	251,957
<u>Liabilities</u>		
Current Liabilities	<u>0</u>	<u>0</u>
<u>Net Assets</u>		
Invested in Property & Equipment	18,790	18,437
Unrestricted	<u>265,376</u>	<u>233,520</u>
Total Net Assets	\$ 284,166	\$ 251,957

Overview of Township Funding and Operations

Over the last number of years, our primary source of revenue, State Revenue Sharing, has been on a gradual decline. It was down almost \$4,000 in 04-05, \$332 in 05-06, and \$250 in 06-07. However, in 07-08, State Revenue Sharing increased \$512, to bring the total to \$108,287. Over these years, total revenues have increased slightly, due mostly to tax collections and interest income. However, with interest rates lowered recently, we anticipate a sharply lower revenue in the area.

Due to less maintenance carryover funds from the Road Commission, we have not yet pursued any more large road paving projects, just a regular maintenance program with roads set up on a rotation for construction work.

A large amount of General Fund monies will be going to our Fire Association within the next several years for the purchase of a Rescue Unit (our share is approximately \$8,000) and for a new Fire Truck, possibly costing \$75,000 for Batavia's share.

Taking these issues into consideration, we will still have a very healthy General Fund Balance. We budget very conservatively, and try to maintain a Fund Balance of at least the annual revenue. In fact, we have never approved the Headlee Override provision. The Board has always believed that the people voted for that to control spending, and it would not be right to override that law.

Being a predominately rural Township, heavy in agriculture and not much commercial or industrial interests, we don't have any increase in growth in those areas. With our zoning geared towards agriculture, most of the new construction seems to be replacement dwellings and for accessory buildings, as well as ag related structures.

Contacting the Township's Management

To review or assess the Township's financial accountability, copies of the financial report may be obtained by contacting Yvonne Klingler, Clerk.

TOWNSHIP OF BATAVIA
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2008

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 244,752	\$ 244,752
Investments	0	0
Receivables - net	20,624	20,624
Prepays	0	0
Capital assets - net	18,790	18,790
Total Assets	284,166	284,166
LIABILITIES		
Accounts payable	0	0
Accrued and other liabilities	0	0
Noncurrent Liabilities		
Due within one year	0	0
Due in more than one year	0	0
NET ASSETS		
Invested in Capital Assets		
Net of related debt	18,790	18,790
Restricted For		
Streets and highways	0	0
Public safety	0	0
Unrestricted	265,376	265,376
Total Net Assets	\$ 284,166	\$ 284,166

TOWNSHIP OF BATAVIA
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
					Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government							
General government	54,349	750	0	0	(53,599)	0	(53,599)
Public safety	22,445	375	0	0	(22,070)	0	(22,070)
Public works	48,328	0	0	0	(48,328)	0	(48,328)
Community/Economic development	7,558	0	0	0	(7,558)	0	(7,558)
Total Governmental Activities	132,680	1,125	0	0	(131,555)	0	(131,555)
Total Primary Government	\$ 132,680	\$ 1,125	\$ 0	\$ 0	(131,555)	0	(131,555)
General Revenues							
Property taxes					40,790	0	40,790
State-shared revenues					108,287	0	108,287
Unrestricted investment earnings					8,460	0	8,460
Rental income					4,108	0	4,108
Miscellaneous					557	0	557
Transfers					0	0	0
Total General Revenues-Special Items and Transfers					162,202	0	162,202
Change in Net Assets					30,647	0	30,647
Net Assets-Beginning					253,519	0	253,519
Net Assets-Ending					\$ 284,166	\$ 0	\$ 284,166

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BATAVIA
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2008

	General Fund	Total Governmental Fund
ASSETS		
Cash and cash equivalents	\$ 244,752	\$ 244,752
Investments	0	0
Receivables - net	<u>20,624</u>	<u>20,624</u>
Total Assets	<u>265,376</u>	<u>265,376</u>
LIABILITIES		
Accounts payable	0	0
Due to other funds	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>
FUND BALANCES		
Reserved for		
Unreserved	<u>265,376</u>	<u>265,376</u>
Total Fund Balances	<u><u>\$ 265,376</u></u>	<u>\$ 265,376</u>

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	<u>18,790</u>
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Net Assets of Governmental Activities	<u><u>\$ 284,166</u></u>
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TOWNSHIP OF BATAVIA
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
March 31, 2008

	General Fund	Total Governmental Funds
Revenues		
Taxes and penalties	40,790	40,790
Licenses and permits	375	375
State aid	108,287	108,287
Charges for services	750	750
Interest and rentals	12,568	12,568
Other revenue	557	557
	<hr/>	<hr/>
Total Revenues	163,327	163,327
Expenditures		
Current		
General government	53,140	53,140
Public safety	22,445	22,445
Public works	48,328	48,328
Health and welfare	0	0
Recreation and cultural	0	0
Community/Economic development	7,558	7,558
Capital outlay	0	0
	<hr/>	<hr/>
Total Expenditures	131,471	131,471
Excess of Revenues Over (Under)		
Expenditures	31,856	31,856
Other Financing Sources (Uses)		
Transfers in	0	0
Transfers (out)	0	0
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	0	0
Excess of Revenue and Other Sources Over (Under)		
Expenditures and Other Uses	31,856	31,856
	<hr/>	<hr/>
Fund Balance-April 1, 2007	233,520	233,520
	<hr/>	<hr/>
Fund Balance-March 31, 2008	\$ 265,376	\$ 265,376
	<hr/>	<hr/>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BATAVIA
FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
MARCH 31, 2008

	Agency Fund (Property Tax Collection Fund)	Trust & Agency Fund
ASSETS		
Cash and cash equivalents	\$ 0	\$ 0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES		
Accounts payable	\$ 0	\$ 0
Due to other governmental units	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>

**TOWNSHIP OF BATAVIA
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Batavia, Branch County, Michigan is a general law Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Batavia conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWNSHIP OF BATAVIA
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**TOWNSHIP OF BATAVIA
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Batavia does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Finally, the government reports the following fund types:

The two Tax Collection Funds are Fiduciary Funds accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed. Summer State Education Tax was collected directly by the County.

**TOWNSHIP OF BATAVIA
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWNSHIP OF BATAVIA
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements only for the effect of the inclusion of capital assets.

Capitalized Asset Costs	\$ 31,453
Less Accumulated Depreciation	<u>(12,663)</u>
Capital Assets, net	18,790
Governmental Fund Balances	<u>265,376</u>
Net Assets of Governmental Activities	<u>\$ 284,166</u>

**TOWNSHIP OF BATAVIA
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit did not incur expenditures in certain budgeted funds which were in excess of the amounts appropriated.

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**TOWNSHIP OF BATAVIA
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$ 244,752	\$ 244,752

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 244,752
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	<u>\$ 244,752</u>

The bank balance of the primary government's deposits is \$244,752, of which \$203,413 is covered by federal depository insurance.

**TOWNSHIP OF BATAVIA
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	<u>Major Fund</u>	
	General Fund	Total
	<u> </u>	<u> </u>
Taxes receivable	\$ 4,014	\$ 4,014
State share revenue receivable	\$ 16,610	\$ 16,610
Less: allowance for uncollectibles	<u>0</u>	<u>0</u>
Net Receivables	<u>\$ 20,624</u>	<u>\$ 20,624</u>

* 2007 Winter tax receivable balances are received from the Branch County revolving tax collection fund within 60 days of the fiscal year end.

* 2007 State revenue share receivable reflects the constitutional and statutory sales tax for March and April 2008. Provision is according to state guidelines, allowing six revenue payments in the fiscal period.

**TOWNSHIP OF BATAVIA
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 10,108	0	0	\$ 10,108
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>10,108</u>	<u>0</u>	<u>0</u>	<u>10,108</u>
Capital Assets Being Depreciated				
Buildings & improvements	10,500	0	0	10,500
Machinery and equipment	10,845	0	0	10,845
Infrastructure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>21,345</u>	<u>0</u>	<u>0</u>	<u>21,345</u>
Less Accumulated Depreciation for				
Buildings	4,336	360	0	4,696
Machinery and equipment	<u>7,118</u>	<u>849</u>	<u>0</u>	<u>7,967</u>
Subtotal	<u>11,454</u>	<u>1,209</u>	<u>0</u>	<u>12,663</u>
Net Capital Assets Being Depreciated	<u>9,891</u>	<u>(1,209)</u>	<u>0</u>	<u>8,682</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 19,999</u>	<u>\$ (1,209)</u>	<u>\$ 0</u>	<u>\$ 18,790</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	\$ 1,209
Public safety	0
Public works	0
Economic development	0
Recreation and culture	<u>0</u>
Total Governmental Activities	<u>\$ 1,209</u>

**TOWNSHIP OF BATAVIA
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds			
<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General	\$ 0	Tax Collection	\$ 0
Total	<u>\$ 0</u>		<u>\$ 0</u>

There were no interfund receivables recorded.

NOTE 8 - BRONSON RURAL FIRE ASSOCIATION

Batavia Township contracts fire protection services from the Bronson Rural Fire Association; as a member with Bethel, Bronson, Gilead, Matteson and Noble Townships, and Bronson City. Member fees are determined by an average fire run count and a percent of State Equalized Value of township properties. The contract for the 2007-2008 year was \$22,158.

REQUIRED SUPPLEMENTAL INFORMATION

**TOWNSHIP OF BATAVIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2008**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	\$ 233,520	\$ 233,520	233,520	0
Resources (Inflows)				
Property taxes	36,000	36,000	40,790	4,790
State aid	102,500	102,500	108,287	5,787
Licenses and permits	500	500	375	(125)
Charges for services	300	300	750	450
Interest and rentals	6,600	6,600	12,568	5,968
Miscellaneous revenues	400	400	557	157
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	379,820	379,820	396,847	17,027
Charges to Appropriations (Outflows)				
General Government				
Township board	14,900	14,900	13,423	1,477
Supervisor	7,475	7,475	7,331	144
Finance	600	600	600	0
Treasurer	9,500	9,500	8,675	825
Assessing	9,100	9,100	9,066	34
Clerk	8,100	8,100	7,976	124
Elections	2,500	2,500	768	1,732
Board of review	950	950	685	265
Other General Government				
Building and grounds	1,300	1,300	596	704
Cemetery	4,100	4,100	4,020	80
Public Safety				
Fire	31,000	31,000	22,445	8,555
Public Works				
Roads/Street lights	52,500	52,500	46,260	6,240
Drain	4,000	4,000	2,068	1,932
Community & economic development	8,500	8,500	7,558	942
Capital outlay	1,000	1,000	0	1,000
Transfers to other funds	0	0	0	0
Total Charges to Appropriations	155,525	155,525	131,471	24,054
Budgetary Fund Balance-March 31	<u>\$ 224,295</u>	<u>\$ 224,295</u>	<u>\$ 265,376</u>	<u>\$ 41,082</u>

ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.

September 8, 2008

Township of Batavia
Township Board Members
Branch County, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Batavia, Branch County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 8, 2008. We conducted our audit on accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Batavia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Batavia, Branch County, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Batavia, Branch County, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

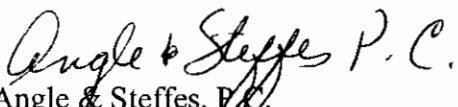
We note certain matters for management's attention and improvement, those control deficiencies that are not considered significant deficiencies or material weaknesses involving internal control:

Uninsured Funds

The FDIC's regulations governs the insurance coverage of public units' accounts. The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the same bank within the State are added together and insured up to \$100,000. Separately, all demand deposits owned by the public unit and held by the same bank within the State are added together and insured up to an additional \$100,000. The Township maintains demand and savings deposits in multiple banks with deposits totalling \$244,752 as of March 31, 2008. Of these funds, \$41,339 is uninsured by the FDIC. We are aware that the Township does spread the funds between demand and savings accounts in one bank, however, we continue to recommend that additional Michigan banks become utilized to cover Township funds in FDIC insured accounts.

This report is intended solely for the information and use of management and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,


Angle & Steffes, P.C.
Certified Public Accountants
Allegan, Michigan